



## Outpatient Hospital Services Detailed Description of Reimbursement

**DEFINITIONS**Acute Care Critical Access Hospitals

A hospital licensed by the Department as a critical access hospital that is being reimbursed as a critical access hospital by Medicare.

Acute Care Non-Critical Access Hospitals

A hospital licensed by the Department as an acute care hospital that is not being reimbursed as a critical access hospital by Medicare.

MaineCare Paid Claims History

A summary of all claims billed by the hospital to MaineCare for MaineCare eligible members that have been processed and accepted for payment by MaineCare.

Private Psychiatric Hospital

A hospital that is primarily engaged in providing psychiatric services for the diagnosis, treatment and care of persons with mental illness and is privately owned. The facility must be licensed as a psychiatric hospital by the Department of Health and Human Services(DHHS). A psychiatric hospital may also be known as an institution for mental diseases.

Prospective Interim Payment (PIP)

The weekly payment made to private hospitals is based on the estimated total annual Department obligation as calculated below. This payment may represent only a portion of the amount due the hospital; other lump sum payments may be made throughout the year. Such circumstances would include, but not be limited to, error correction and interim volume adjustments. For purposes of the PIP calculation, a MaineCare discharge for the most recently completed state fiscal year is one with a discharge date occurring within the state fiscal year and submitted prior to the time of calculation.

State Owned Psychiatric Hospital

A hospital that is primarily engaged in providing psychiatric services for the diagnosis, treatment and care of persons with mental illness and is owned and operated by the State of Maine. The facility must be licensed as a psychiatric hospital by the Department of Health and Human Services (DHHS). A psychiatric hospital may also be known as an institution for mental diseases (IMD).

**GENERAL PROVISIONS**Inflation

For purposes of determining inflation, unless otherwise specified, the economic trend factor from the most recent edition of the "Health Care Cost Review" from Global Insight shall be used.

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Third Party Liability (TPL)

Any MaineCare claim submitted by a hospital may only be withdrawn within 120 days of the date received.

Interim and Final Settlement

At interim and final settlement, the hospital will reimburse the Department for any excess payments; or the Department will reimburse the amount of any underpayment to the hospital. In either case, the lump sum payment must be made within 30 days of the date of the letter notifying the provider of the results of the year end reconciliation or settlement. If more than one year's interim or final settlement is completed in the same proceeding, the net amount must be paid. If no payment is received within 30 days, the Department may offset prospective interim payments. Any caps imposed on PIP payments are not applicable to the determination of settlement amounts.

Hospitals are required to file with the DHHS, Division of Audit a year-end cost report within five months from their fiscal year end. The cost report filing consists of: CMS Form 2552 or its equivalent, audited financial statements, and any other related documentation as requested by the DHHS-Division of Audit. The cost report must include applicable MaineCare utilization and a calculated balance due to/from MaineCare.

Interim Adjustment

The State would expect to initiate an interim adjustment under very limited circumstances, including but not limited to, restructuring payment methodology as reflected in a state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access); if and when a new population group was made eligible for MaineCare (e.g., the State is contemplating an eligibility expansion to include higher income parents); or a hospital closes or opens and there is a redistribution of patients among facilities.

**ACUTE CARE NON-CRITICAL ACCESS HOSPITALS**Prospective Interim Payment

The Department of Health and Human Services' total annual PIP obligation to the hospitals will be the sum of MaineCare's obligation for the following related to Medicaid services: outpatient services + outpatient hospital based physician costs. Third party liability payments are subtracted from the PIP obligation. This payment is capped at 117.5% of the weekly payment made in the previous state fiscal year. The computed amounts are calculated as described below:

The MaineCare outpatient component of the PIP equals the lower of MaineCare outpatient costs or charges during the fiscal year for which the most recent interim cost-settled report issued by the Department is available, inflated to the current state fiscal year and reduced by a factor of 10%.

MaineCare's share of clinical laboratory and radiology costs are added to this amount. The procedure codes and terminology of the Healthcare Common Procedure Coding System (HCPCS) are used to establish MaineCare allowances for clinical laboratory and radiology services.

MaineCare's share of outpatient hospital based physician costs, and outpatient third party liability are taken from the most recent hospital fiscal year end MaineCare interim cost-settled report issued by DHHS Division of Audit, inflated to the current state fiscal year.

All of these data elements are taken from the most recent hospital fiscal year end MaineCare interim cost-settled report issued by DHHS Division of Audit, inflated to the current state fiscal year.

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Interim Volume Adjustment

The Department may initiate a comparison of MaineCare claims data submitted in the first 150 days of the payment year to the projected number of discharges used in calculating the PIP payment. If there is a difference of at least 5% between the actual MaineCare inpatient volume and prospectively estimated MaineCare inpatient volume, an adjustment may be made to the outpatient PIP using actual outpatient cost to charge data.

Interim Settlement

The Department of Health and Human Services' year end interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data source used for inpatient calculations will be discharges and charges included in MaineCare paid claims history as measured by the Department. Other calculations will be based on the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data source used for inpatient calculations will be discharges and charges included in MaineCare paid claims history as measured by the Department. Other components will be based on the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which reconciliation is being performed.

**ACUTE CARE CRITICAL ACCESS HOSPITALS**

All calculations made in relation to acute care critical access hospitals must be made in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA), except as stated below, plus a DSH adjustment payment for eligible hospitals.

Prospective Interim Payment

The Department of Health and Human Services' annual outpatient PIP obligation to the hospitals will be the sum of MaineCare's obligation of the following: outpatient services +outpatient hospital based physician costs. Third party liability payments are subtracted from the PIP obligation. This payment is capped at 117.5% of the weekly payment made in the previous fiscal year.

101 % of MaineCare outpatient costs inflated to the current state fiscal year using the most recent interim cost-settled report as issued by the Department.

MaineCare's share of hospital based physician are taken from the most recent interim MaineCare cost-settled report issued by DHHS Division of Audit, inflated to the current state fiscal year.

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Interim Volume Adjustment

The Department may initiate a comparison of MaineCare claims data submitted in the first 150 days of the payment year to the projected number of discharges used in calculating the PIP. If there is a difference of at least 5 % between the actual MaineCare inpatient volume and prospectively estimated MaineCare inpatient volume, an adjustment may be made to the outpatient PIP using actual outpatient cost to charge data.

Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which settlement is being performed.

**STATE OWNED PSYCHIATRIC HOSPITALS**

All calculations made in relation to state owned psychiatric hospitals must be made in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA), except as stated below, plus a DSH adjustment payment for eligible hospitals.

Prospective Interim Payment

The Department of Health and Human Services' annual outpatient PIP obligation to the hospitals will be the sum of MaineCare's obligation of the following: outpatient services +outpatient hospital based physician costs. Third party liability payments are subtracted from the PIP obligation.

MaineCare outpatient costs inflated to the current state fiscal year using the most recent interim cost-settled report as issued by the Department.

MaineCare's share of hospital based physician are taken from the most recent hospital fiscal year end MaineCare interim cost-settled report as issued by DHHS Division of Audit, inflated to the current state fiscal year.

Interim Volume Adjustment

The Department may initiate a comparison of MaineCare claims data submitted in the first 150 days of the payment year to the projected number of discharges used in calculating the PIP. If there is a difference of at least 5 % between the actual MaineCare inpatient volume and prospectively estimated MaineCare inpatient volume, an adjustment may be made to the outpatient PIP using actual outpatient cost to charge data.

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Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which settlement is being performed.

**PRIVATE PSYCHIATRIC HOSPITALS**Prospective Interim Payment

Private psychiatric hospitals will be paid weekly prospective interim payments based on the Department's estimate of the total annual obligation to the hospital. The Department's total annual obligation shall be computed based on the hospital's negotiated percentage rate. The negotiated percentage rate shall be between 85 % and 100% of the hospital's estimated outpatient charges, less third party liability.

Interim Volume Adjustment

The Department may initiate a comparison of MaineCare charges on claims submitted to the projected charges used in calculating the PIP payment and may choose to renegotiate the percentage rate.

Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department's total annual obligation to a hospital will be computed based on the hospital's negotiated percentage rate. The obligation amount shall be greater than or equal to 85 percent but not more than 100 percent of the hospital's actual MaineCare charges from paid claims history, less third party liability.

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**CLINICAL LABORATORY AND IMAGING SERVICES**

In the case of tissues, blood samples or specimens taken by personnel that are not employed by the hospital but are sent to a hospital for performance of tests, the tests are not considered outpatient hospital services since the individual does not receive services directly from the hospital.

Certain clinical diagnostic laboratory tests must be performed by a physician and are therefore exempt from the fee schedule. Updated lists of exempted tests are periodically sent to hospitals from Medicare.

Laboratory services must comply with the rules implementing the Clinical Laboratory Improvement Amendments (CLIA 88) and any applicable amendments.

Hospital medical imaging services provided to a person not currently a patient of the hospital are considered outpatient hospital services and are reimbursable in accordance with MBM Chapter II, Section 101, Medical Imaging Services, or Chapter III, Section 90, Physician Services of the MaineCare Benefits Manual.